



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 16 June 2017

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Projections

	Today	Week ending 16 <sup>th</sup> June 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-16,757	-8,511
Estimated Excess Reserves before OMO	-6,243	-6,243
Estimated Excess Reserves after OMO	0	0
Required Reserves	57,895	57,895

#### ii. Known Projected Transactions

	Week ending 16 <sup>th</sup> June 2017	Week ending 23 <sup>rd</sup> June 2017	Week ending 30 <sup>th</sup> June 2017	June 2017
+ Maturity of normal TBs/TNs/PNs	4,571	3,387	1,608	31,717
Maturity of OMO Repos	19,679	624	26,164	55,085

#### Commentary:

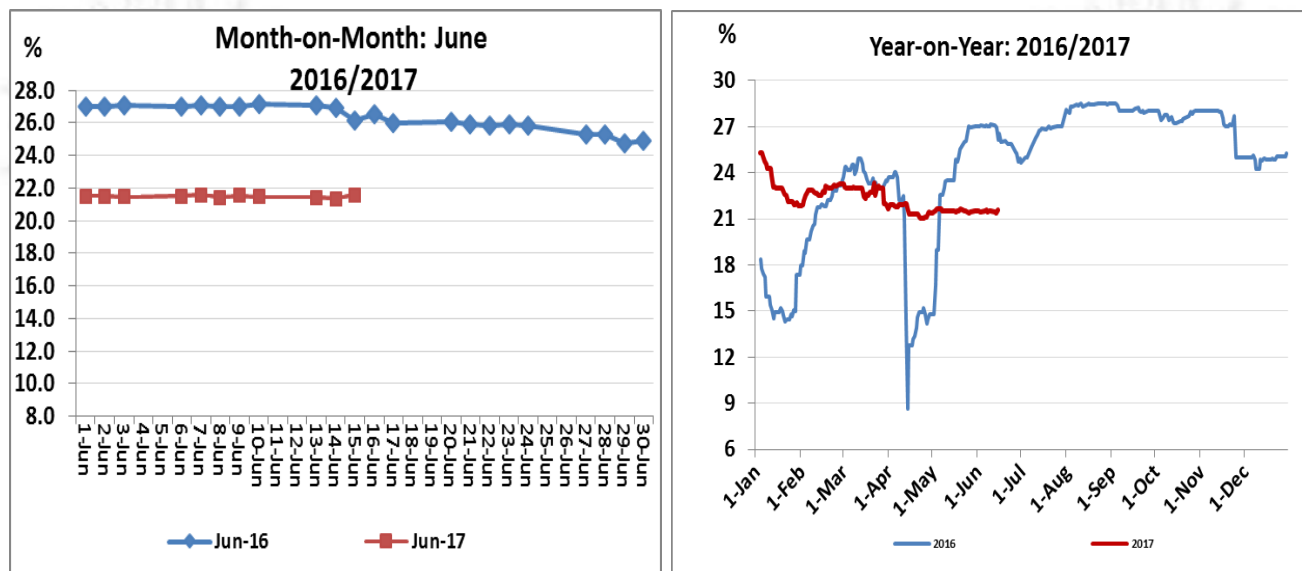
- Excess reserves increased to K10.51 billion yesterday, 15<sup>th</sup> June 2017 from K8.11 billion that was recorded on Wednesday, 14<sup>th</sup> June 2017.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,785	21.57
07 days	-	-
14 days	-	-
28 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
07 days	412	20.00
14 days	-	-
32 days	-	-
60 days	-	-
273 days	-	-
364 days	2,801	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	<b>580</b>	<b>24.00</b>

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased to K7.79 billion yesterday, 15<sup>th</sup> June 2017 from K1.92 billion recorded on Wednesday, 14<sup>th</sup> June 2017.
- The overnight interbank market rate (IBR) increased by 23 basis points and stood at 21.57 percent.
- About K3.21 billion was withdrawn from the banking system through OMO repos yesterday, 15<sup>th</sup> June 2017.
- A total of K580.00 million was accessed on the Lombard Facility yesterday, 15<sup>th</sup> June 2017.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

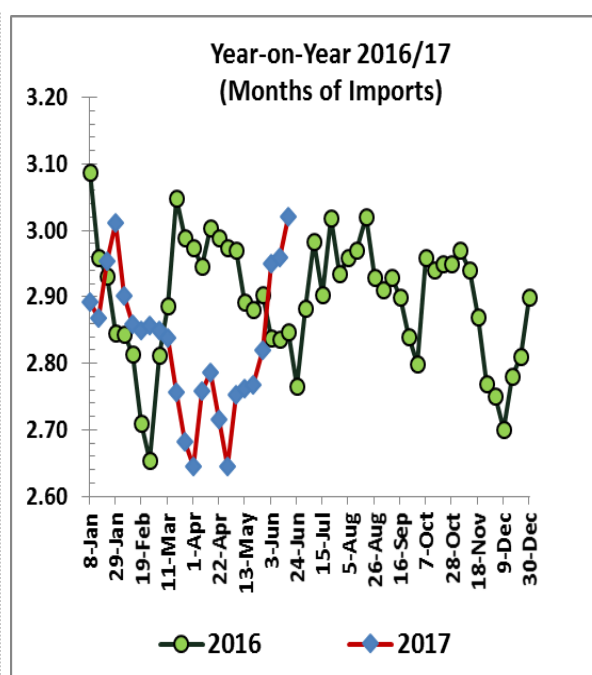
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
26 <sup>th</sup> May 2017	588.66	2.82
2 <sup>nd</sup> June 2017	615.77	2.95
9 <sup>th</sup> June 2017	617.64	2.96
On 14 <sup>th</sup> June 2017	630.84	3.02

\* US\$209.0 million per month is used in this calculation

### Commentary:

- Gross official reserves increased during the week ending 9<sup>th</sup> June 2017 compared to the previous week. As at 14<sup>th</sup> June 2017, gross official reserves stood at US\$630.84 million (3.02 months of imports).



## ii. Private Sector Foreign Exchange Reserves

(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
26 <sup>th</sup> May 2017	-8.01	332.11	324.10	1.55
2 <sup>nd</sup> June 2017	-9.21	326.11	316.90	1.52
9 <sup>th</sup> June 2017	-8.71	329.86	321.15	1.54
On 14 <sup>th</sup> June 2017	-7.37	352.51	345.13	1.65

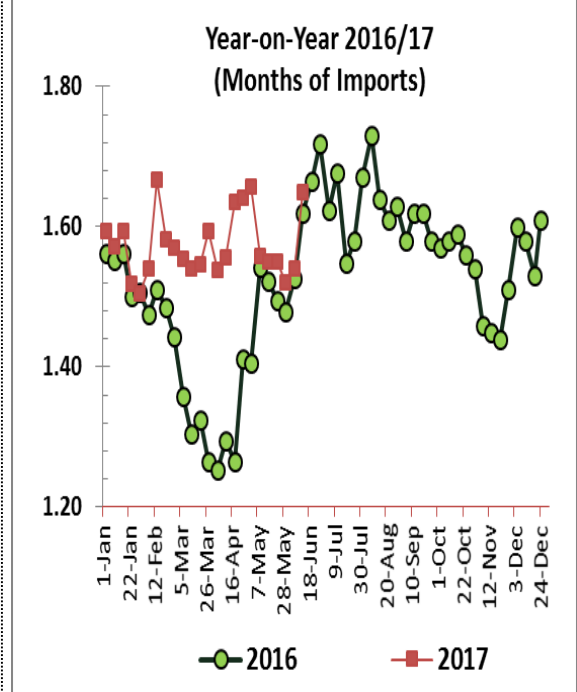
\* US\$209.0 million per month is used in this calculation

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
2 <sup>nd</sup> June 2017	58.66	62.75
9 <sup>th</sup> June 2017	52.37	57.11
On 15 <sup>th</sup> June 2017	9.44	8.90

#### Commentary:

- ADB's purchased US\$52.37 million from the market and monetary authorities and sold US\$57.11 million during the week ending 9<sup>th</sup> June 2017. On 15<sup>th</sup> June 2017, ADB's purchased US\$9.44 million from the market and sold US\$8.90 million.

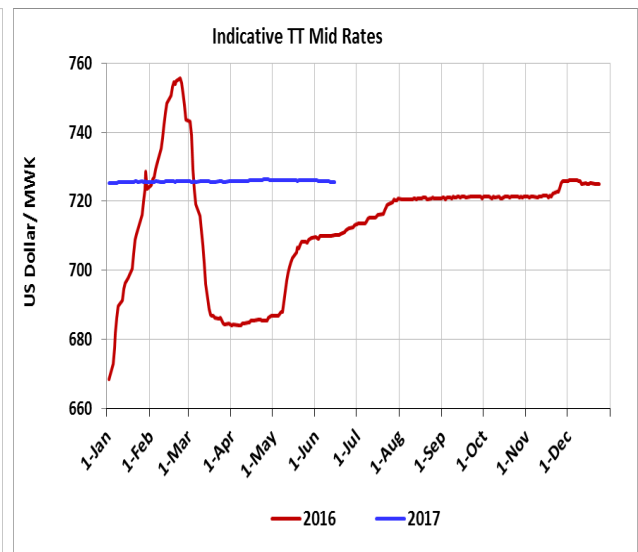
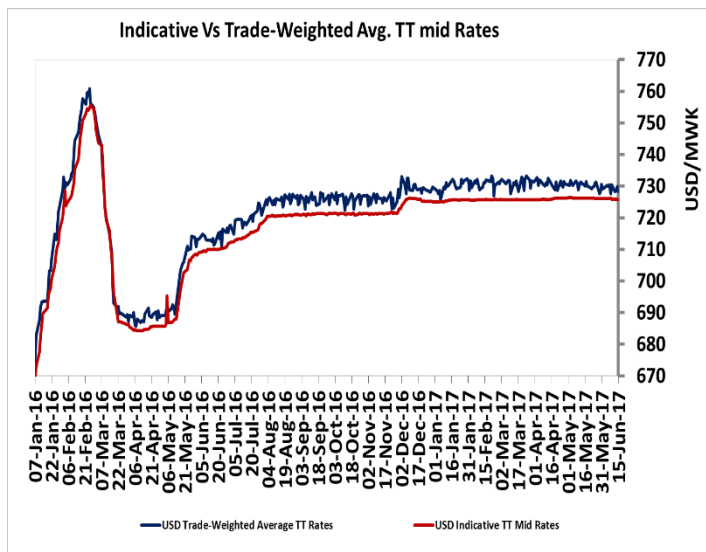


## iii. Exchange Rate Developments

	9 <sup>th</sup> June 2017	12 <sup>th</sup> June 2017	13 <sup>th</sup> June 2017	14 <sup>th</sup> June 2017	15 <sup>th</sup> June 2017	Today's Indicative Rates
MWK/USD	729.8128	728.2870	730.4864	727.5922	729.3084	725.6467
MWK/GBP	923.1569	931.5372	928.6707	930.0350	931.9746	926.6508
MWK/EUR	819.8372	818.9929	816.7200	818.0641	816.2474	808.3704
MWK/ZAR	56.6044	56.7262	56.8072	57.2375	57.9239	56.1824

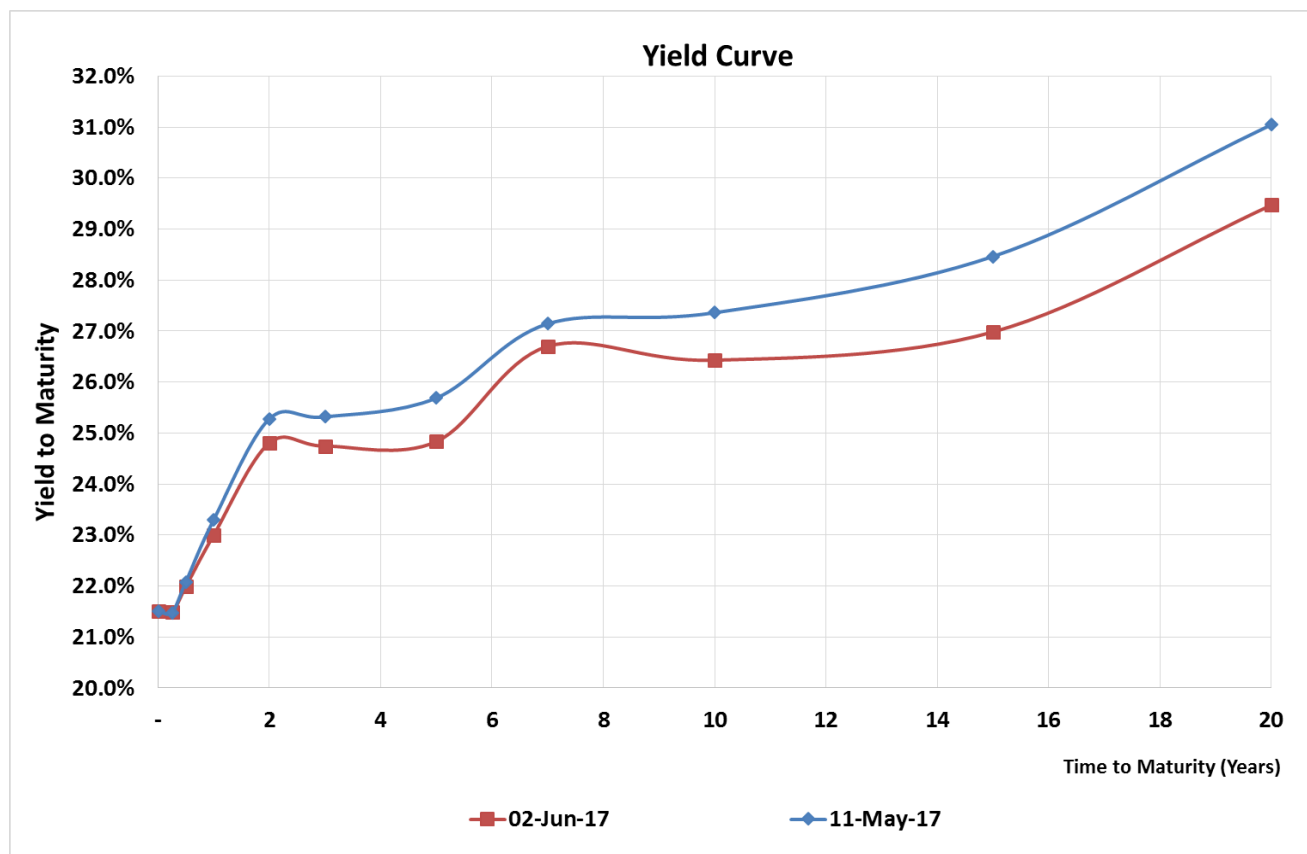
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** Yesterday, 15<sup>th</sup> June 2017, the Kwacha depreciated against the USD, the GBP and the ZAR but gained value against the EUR. Indicatively, the local currency is expected to trade around K725.6467 against the USD today, 16<sup>th</sup> June 2017.



#### D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
26 <sup>th</sup> January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.31%	22.41%	35.00%
2 <sup>nd</sup> February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	21.91%
16 <sup>th</sup> February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	29.57%
2 <sup>nd</sup> March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	25.73%
30 <sup>th</sup> March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	34.91%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	28.08%
11 <sup>th</sup> May 2017	21.51%	21.48%	22.08%	23.30%	25.28%	25.32%	25.69%	27.14%	27.36%	28.46%	25.14%
2 <sup>nd</sup> June 2017	21.50%	21.49%	21.99%	23.00%	24.81%	24.75%	24.83%	26.70%	26.43%	26.98%	29.47%
2 June 2017-11 May 2017 Change in Yield (Bp)	-1	1	-9	-30	-47	-57	-86	-44	-93	-148	-158



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